

**PUBLIC DISCLOSURE**

MARCH 2, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MEETINGHOUSE CO-OPERATIVE BANK

2250 DORCHESTER AVENUE  
DORCHESTER, MA 02124

DIVISION OF BANKS  
100 CAMBRIDGE STREET  
BOSTON, MA 02202

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Meetinghouse Co-operative Bank, prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory".**

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

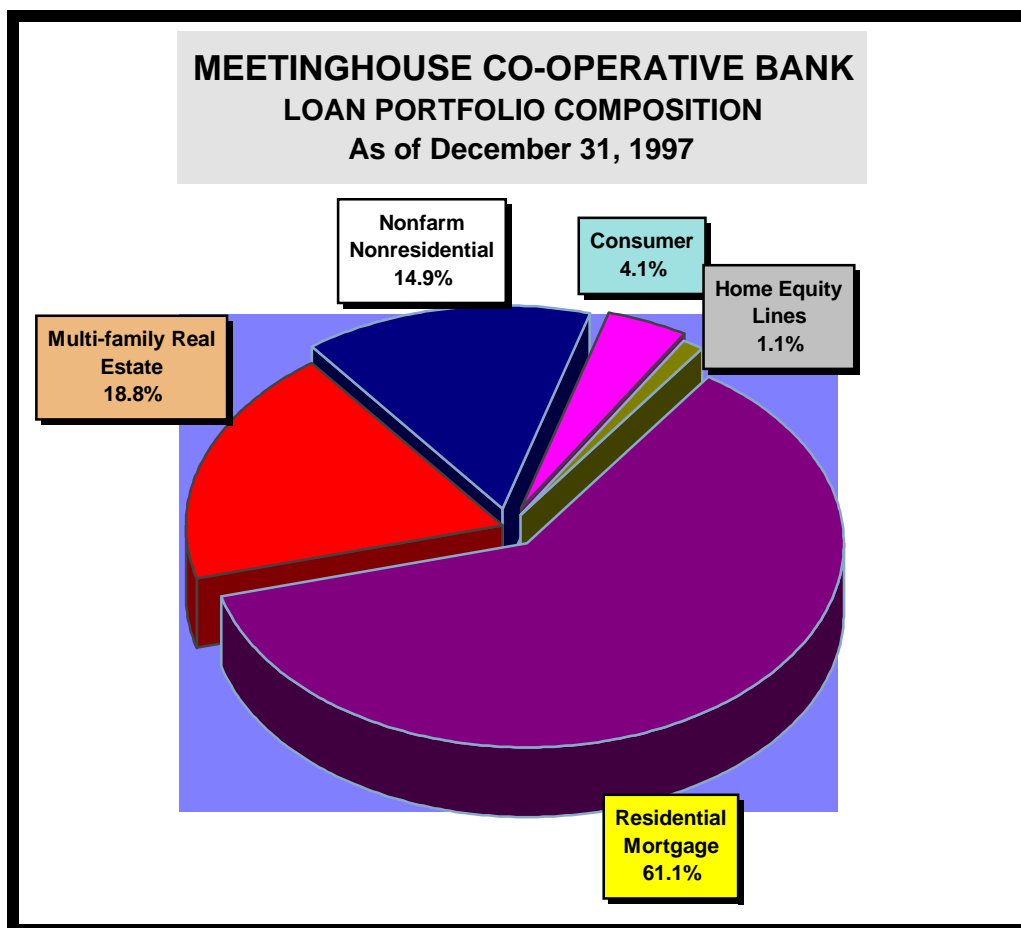
The bank's average net loan to deposit ratio for the previous eight quarters ending December 31, 1997, was 66.9 percent. Although this ratio has been decreasing due, mostly, to the restructuring of its commercial loan portfolio, the ratio meets the standards for satisfactory performance. The bank extends the majority of its residential loans within its assessment area, also meeting the standards for satisfactory performance. The distribution of credit among different borrower income levels and the geographic distribution within various census tract income levels meet the standards for satisfactory performance as well. Although the volume of lending is low, the institution appears to be rebounding as evidenced by an increase in mortgage lending in 1997. The bank's fair lending policies give no indication of any discriminatory practices and indicate the standards for satisfactory performance are met in this category. No CRA complaints have been received since the previous examination.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Meetinghouse Co-operative Bank is a small mutual thrift institution, with its sole office located at 2250 Dorchester Avenue in Dorchester, Massachusetts. Business hours and teller drive-up service hours seem convenient for banking customers.

The institution had total assets of \$23,947,301 as of December 31, 1997. At that time, loans comprised 60.3 percent of total assets. The largest portion of the loan portfolio is comprised of residential mortgage loans, which represent 61.1 percent. Approximately 18.8 percent of the portfolio consists of loans secured by multi-family (five or more units) residential properties and 14.9 percent of nonfarm nonresidential properties. The remaining 5.2 percent consists of consumer loans and home equity lines of credit. Refer to the following graph.



As depicted above, the bank is primarily an owner-occupied, single family residential mortgage lender. Based on the financial considerations described previously, the types

of credit offered are limited to adjustable-rate mortgages and short term fixed-rate loans. Long term fixed-rate loans (more than 20 years), which are in greatest demand with today's low interest rates, are not offered. Credit products offered include: mortgages on one to four-family owner-occupied properties; home equity lines of credit; second mortgages; mortgages on vacation or second homes; property rehabilitation loans; passbook and certificate loans; commercial real estate loans; and vehicle loans.

Meetinghouse Co-operative Bank was last examined for compliance with the Community Reinvestment Act jointly by the State and Federal Deposit Insurance Corporation (FDIC) on October 16, 1995. Both examinations resulted in an overall rating of "Satisfactory".

### **Description of Assessment Area**

The bank's assessment area consist of three adjacent neighborhoods in the City of Boston, namely North Dorchester, South Dorchester and Mattapan; and the Town of Milton. This delineation is located within the Boston Metropolitan Statistical Area (MSA).

The assessment area is composed of a total of 42 census tracts. The Census Bureau does not recognize the locality of Mattapan as separate from the Dorchester neighborhood. The defined assessment area appears to meet all the technical requirements of the regulation in that whole geographies are used in the delineation and it does not arbitrarily exclude low or moderate-income areas. The following table provides demographic detail of the assessment area.

**Table A**

<b>ASSESSMENT AREA DEMOGRAPHICS</b>				
<b>Income Level</b>	<b>Census Tracts in Assessment Area</b>	<b>Census Tract Percentage</b>	<b>Family Households</b>	<b>Household Percentage</b>
Low	8	19.1%	5,645	14.2%
Moderate	24	57.1%	21,553	54.2%
Middle	8	19.1%	9,337	23.5%
Upper	2	4.7%	3,199	8.1%
<b>Total</b>	<b>42</b>	<b>100.0%</b>	<b>39,734</b>	<b>100.0%</b>

Source: 1990 Census Data

Dorchester and Mattapan contain 38, or 90.5 percent, of the assessment area's 42 census tracts. Of the total census tracts in Dorchester, 8 are designated as low-income, 24 as moderate-income, and 6 as middle-income. The Town of Milton is composed of 4 census tracts: 2 middle-income, and 2 upper-income.

As indicated in Table A, moderate-income family households represent the largest percentage of family households with 54.2 percent, followed by middle-income households with 23.5 percent. Included in these classifications are families who live below the poverty level. According to the 1990 census data for Mattapan, North Dorchester, and South

Dorchester, individuals who live below the poverty level represent 24.2 percent, 20.7 percent, and 15.1 percent, respectively.

Income information obtained from 1990 census data indicates a median family income of \$48,688 for the Boston MSA. Incomes for the assessment area range from a low of \$31,590 for North Dorchester to a high of \$61,964 for Milton, the only area with a median family income greater than that of the MSA. Of the assessment area's low and moderate-income households, 55.9 percent are located in South Dorchester/Mattapan section of Boston. Refer to the following table.

**Table B**

<b>ASSESSMENT AREA INCOME DATA*</b>					
<b>Location</b>	<b>Family Households</b>		<b>Low and Moderate Income Households</b>		<b>Median Family Income</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
North Dorchester	14,461	41.2	9,928	36.0	\$31,590
South Dorchester	14,021	39.9	15,468	55.9	\$34,894
Milton	6,649	18.9	2,253	8.1	\$61,964
<b>Total</b>	<b>35,131</b>	<b>100.0</b>	<b>27,649</b>	<b>100.0</b>	

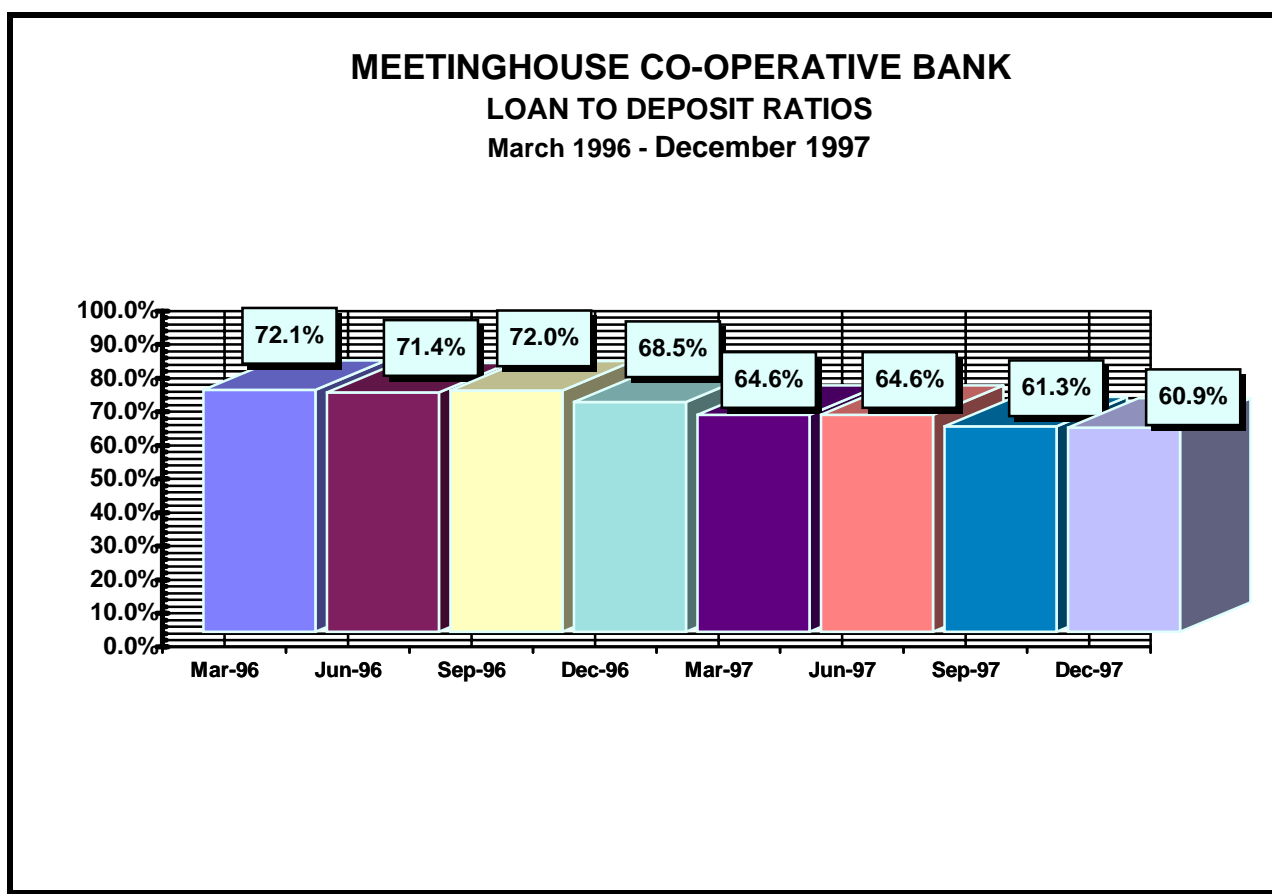
\* Source: 1990 Census Data

Housing data for the assessment area, based on the 1990 census, indicates an owner occupancy rate of 32.2 percent for Dorchester and Mattapan, slightly greater than the 28.1 percent owner-occupancy rate for the City of Boston as a whole. The median value of owner-occupied housing in this area ranges from a low of \$89,300 to a high of \$177,800.

## **PERFORMANCE CRITERIA**

### **1. LOAN TO DEPOSIT ANALYSIS**

An analysis of Meetinghouse Co-operative Bank's net loan-to-deposit ratio was performed during the examination. The analysis utilized the previous eight quarters of the Federal Financial Institutions Examination Council (FFIEC) Call Report data for this institution. The bank's net loans to total deposits as reported to the FFIEC were reviewed for the quarters ending March 31, 1996, through December 31, 1997. The institution's average net loan-to-deposit ratio for this period was 66.9 percent. The following chart indicates that the bank's net loans to deposits experienced a downward spiral during this time period, from a high of 72.1 percent for the period ending March 31, 1996, to a low of 60.9 percent for the period ending December 31, 1997.



With the expected loan growth in relation to deposit growth the bank's loan to deposit ratio should reflect a reversal to the current trend.

Based upon the above information, the bank's net loan to deposit ratio appears to be reasonable, and therefore meets the standards for satisfactory performance.

## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Because of Meetinghouse Co-operative Bank's size, it is exempt from reporting its residential mortgages under the Home Mortgage Disclosure Act (HMDA). Instead, residential loan data compiled by the bank for calendar years 1996 and 1997 was reviewed to determine the institution's level of lending inside the assessment area in comparison to the level of lending outside of the assessment area. The residential loan data represents mortgage loans on one to four-family and multi-family properties.

According to the institution's Loan Application Register (LAR), 2 residential mortgages were originated in calendar year 1996, and 14 loans were originated in calendar year 1997. Loans originated inside the bank's assessment area represented 62.5 percent of the total number, and 68.6 percent of the total dollar volume. Refer to the following tables for additional information.

Table 2a

RESIDENTIAL LOANS ORIGINATED BY NUMBER						
LOCATION	1996		1997		TOTALS	
	#	%	#	%	#	%
Dorchester	2	100.0	4	28.6	6	37.5
Milton	0	0	4	28.6	4	25.0
INSIDE ASSESSMENT AREA	2	100.0	8	57.2	10	62.5
OUTSIDE ASSESSMENT AREA	0	0	6	42.8	6	37.5
<b>TOTALS</b>	<b>2</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>

Source: Bank Loan Data

Table 2b

RESIDENTIAL LOANS ORIGINATED BY DOLLAR AMOUNT						
LOCATION	1996		1997		TOTALS	
	\$(000)	%	\$(000)	%	\$(000)	%
Dorchester	145	100.0	447	30.1	592	36.3
Milton	0	0	526	35.5	526	32.3
INSIDE ASSESSMENT AREA	145	100.0	973	65.6	1,118	68.6
OUTSIDE ASSESSMENT AREA	0	0	511	34.4	511	31.4
<b>TOTALS</b>	<b>145</b>	<b>100.0</b>	<b>1,484</b>	<b>100.0</b>	<b>1,629</b>	<b>100.0</b>

Source: Bank Loan Data

Taking into consideration the bank's limitations due to its size, financial constraints and competition from other financial institutions, its lending activity within its assessment area is considered adequate. Based upon this information, the bank's level of lending within the assessment area meets the standards for satisfactory performance.

### 3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of residential loans was conducted to determine the distribution of credit based upon the income level of the borrowers. The borrowers reported income was compared to the median family household income for the Boston Metropolitan Statistical Area (MSA), as estimated by the Department of Housing and Urban Development (HUD). The HUD Boston MSA median family household incomes were \$56,500 for calendar year 1996 and \$59,600 for calendar year 1997.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate-income is defined as 50 to 79 percent of the median family income; middle-income is defined as income between 80 and 119 percent of the median family income; and upper-income is defined as income greater than 120 percent of the median family income.

The following tables provide breakdowns of the bank's residential originations by borrower income level in comparison to the amount of family households within its assessment area.

Table 3a



RESIDENTIAL LOANS ORIGINATED BY INCOME OF BORROWER								
% of Median MSA Income	Family Households		1996		1997		Total	
	#	%	#	%	#	%	#	%
<50%	5,733	14.4	0	0.0	0	0.0	0	0.0
50% - 79%	21,553	54.1	1	50.0	3	37.5	4	40.0
80% - 119%	9,337	23.5	1	50.0	4	50.0	5	50.0
120% >	3,199	8.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	1	12.5	1	10.0
<b>Total</b>	<b>39,822</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>

Source: Bank Loan Data

Table 3b

RESIDENTIAL LOANS ORIGINATED BY INCOME OF BORROWER								
% of Median MSA Income	Family Households		1996		1997		Total	
	#	%	\$(000 )	%	\$(000)	%	\$(000)	%
<50%	5,733	14.4	0	0.0	0	0.0	0	0.0
50% - 79%	21,553	54.1	5	37.9	293	30.1	348	31.1
80% - 119%	9,337	23.5	90	62.1	580	59.6	670	59.9
120% >	3,199	8.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	100	10.3	100	9.0
<b>Total</b>	<b>39,822</b>	<b>100.0</b>	<b>145</b>	<b>100.0</b>	<b>973</b>	<b>100.0</b>	<b>1,118</b>	<b>100.0</b>

Source: Bank Loan Data

The above tables indicate that the distribution of the bank's residential mortgage loans to borrowers of different income levels is reasonably consistent with the composition of the assessment area. In particular, moderate-income households represent 54.1 percent of the total households in the assessment area, and as Table 3a indicates, the bank extended four loans to moderate-income borrowers, representing 40.0 percent.

Based on the above information, Meetinghouse Co-operative Bank's lending is reasonably distributed to individuals of different income levels, including those of low and moderate-income, meeting the standards for satisfactory performance.

#### 4. GEOGRAPHIC DISTRIBUTION OF LOANS

The following table notes the number of residential loans originated within the assessment area by census tract income level. This section of the report addresses the manner in which the bank is meeting the credit needs of its assessment area on a geographic basis.

As previously mentioned, the assessment area consists of 42 census tracts: 8 or 19.1 percent are designated as low-income, 24 or 57.1 percent are moderate-income, 8 or 10.1 percent are middle-income and 2 or 4.7 percent are upper-income.

The following tables provide breakdowns of the bank's residential originations by census tract income level in comparison to the amount of one to four-family owner-occupied properties within its assessment area.

**Table 4a**

<b>RESIDENTIAL LOANS ORIGINATED BY CENSUS TRACT INCOME</b>								
<b>Census Tract</b>	<b>1-4 Family Owner-Occupied Households</b>		<b>1996</b>		<b>1997</b>		<b>Total</b>	
<b>Income Level</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	1,643	6.9	0	0.0	0	0.0	0	0.0
Moderate	10,531	44.5	1	50.0	1	12.5	2	20.0
Middle	8,064	34.1	0	0.0	5	62.5	5	50.0
Upper	3,431	14.5	1	50.0	2	25.0	3	30.0
<b>Total</b>	<b>23,669</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>

Source: Bank Loan Data

Table 4b

RESIDENTIAL LOANS ORIGINATED BY CENSUS TRACT INCOME								
Census Tract	1-4 Family Owner-Occupied Households		1996		1997		Total	
Income Level	#	%	\$(000)	%	\$(000)	%	\$(000)	%
Low	1,643	6.9	0	0.0	0	0.0	0	0.0
Moderate	10,531	44.5	55	37.9	100	10.3	155	13.9
Middle	8,064	34.1	0	0.0	522	53.6	522	46.7
Upper	3,431	14.5	90	62.1	351	36.1	441	39.4
<b>Total</b>	<b>23,669</b>	<b>100.0</b>	<b>145</b>	<b>100.0</b>	<b>973</b>	<b>100.0</b>	<b>1,118</b>	<b>100.0</b>

Source: Bank Loan Data

As the above table indicates, lending within the low and moderate-income tracts is somewhat below expectations when compared to the composition of the assessment area and the number of one to four-family owner-occupied properties in each census tract income group. However, considering the size of the institution, its financial condition, and the regulatory limitations placed on lending, the bank's performance under this criterion is considered to be satisfactory.

## 5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

### *Review of Complaints*

A thorough review of the public comment file revealed that the bank had received no complaints pertaining to the institution's CRA performance since the previous examination. If such complaints or comments are received, however, management is encouraged to record these correspondences.

### *Fair Lending Policies and Practices*

The bank's small size, restricted resources and financial situation limit its ability to meet the requirements of Administrative Bulletin 5-10, the Division's fair lending policy. The bank's staff training seems adequate. However, outreach, marketing, credit products and underwriting standards are directly affected by resources and limited product offerings. The institution has developed a second review process in which all loans considered for denial are referred to the President by the loan officer prior to issuing a written notice of denial. Based on the foregoing information, the bank meets the standards for satisfactory performance in this category.

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## MEETINGHOUSE CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business MARCH 2, 1998, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_

# **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 167, Section 14, as amended requires all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) Place the evaluation in the institution's CRA public file located at the head office and available at every branch,
- 3) Add language to the institution's required CRA public notice(s) posted in each depository facility as prescribed in 209 CMR 46.62 which notes the authority of the Commissioner of Banks,
- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.